

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers
State Departments and Agencies **DATE:** August 27, 2002

FROM: Lawrence C. Franklin, Jr., State Controller

SUBJECT: **ACCOUNTING FOR COPS TRANSACTIONS IN RI-SAIL**

Attached are the procedures to be used to account for transactions using Certificates of Participation (COPS). You should use these attached procedures to account for COPS transactions in RI SAIL, effective with this communication. Please inform your staff about the development of these procedures.

You may contact Pat DeFusco at 222-6403 or via e-mail at PatD@gw.doa.state.ri.us with any questions concerning this subject matter.

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CFO:03-14

Department of Administration
OFFICE OF ACCOUNTS AND CONTROL

**ACCOUNTING FOR CERTIFICATES OF PARTICIPATION
TRANSACTIONS IN RI-SAIL**

BACKGROUND:

Certain acquisitions of, or improvements to, capital assets are funded through the use of Certificates of Participation (COPS). Capital projects of several state agencies are funded by an issuance of a series of COPS. A financial institution is the trustee of the COPS proceeds. It disburses payments, as authorized by and upon authorization of the state, to vendors who provide project goods or services to a project(s) funded by COPS proceeds.

PURPOSE:

These procedures outline the tasks to account for COPS transactions in RI-SAIL. The intent is to record the COPS transactions in the statewide accounting system to establish accountability of these transactions for management control and financial reporting purposes. In RI-SAIL a separate fund ledger will be established to account for these transactions.

PROCEDURES:

- 1) Upon the issuance of a series of COPS, the Budget Office will inform the Accounting Section of the Office of Accounts and Control of the approved projects and their related account numbers and budgets.
 - 2) The Accounting Section will post the project budgets and general ledger account balances to RI-SAIL.
 - 3) Each state agency that will administer a project will prepare RI-SAIL purchase requisitions for any procurement to be bid in accordance with state purchase regulations (or will create a Master Blanket Purchase Order release). The following statement shall be inserted on each requisition (or each release): "Assigned to Certificates of Participation for (a brief description of the project). An authorized agent shall sign each requisition (or each release)."
- 3.1 Purchase of Vehicles: Each state agency that will purchase a state vehicle(s) will prepare one purchase requisition for all vehicles requested. In the "Requisition" tab, for each vehicle ordered enter a quantity of "one" and the vehicles estimated unit cost of "zero" as a separate line item. In the "Item" tab enter the class code 070 and the class item 00. In the "Accounting" tab, enter the COPS project account number or the operating account number(s) { for "direct buys} from which payment is to be made. In the "Notes" tab enter the following: " FY 0**X** (**X** being the state fiscal year during which the vehicle is ordered) COPS VEHICLE PURCHASE TO BE CHARGED TO 2668.89122017.641110.0000 FOR A TOTAL OF \$Y (Y being equal to the sum total of the estimated unit cost for all

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vehicles ordered on this requisition). For each vehicle ordered, enter the quantity and estimated unit cost of each.

- 3.2 The Division of Purchases, Department of Administration will create a Master Blanket Purchase Order for all vehicle purchases to be charged to a COPS account. For all vehicle purchases to be charged to an agency operating account number for “direct buys”, the Division of Purchases shall create an Open Market Purchase Order for each agency.
- 3.3 The Division of Purchases will issue a Master Blanket Purchase Order release upon delivery of each vehicle to the Division of Central Services. The Division of Central Services shall enter the receipt and payment transaction in RI-SAIL, charging the COPS account. For “direct buys”, each state agency business office shall enter the receipt and payments transactions in RI-SAIL using their operating account(s). ***(The handling code “Draw No Check” shall be selected for each payment document created that charges the above COPS account for the purchase of vehicles. Vehicle purchases charged to an agency’s operating account for “direct buys” should not select the “Draw No Check” handling code.)***
- 4) The Division of Purchases, Department of Administration, shall procure goods and services for each project in accordance with state purchase regulations, and prepare a state purchase order (Master Blanket or Open Market, as appropriate to the circumstances) therefor.
- 5) Vendors will submit invoices to the business office of each state agency that will administer a project(s).
- 6) The state agency business office will review the vendor’s billing to approve the payment amount requested and will prepare an invoice entry document in RI-SAIL. ***(The handling code “Draw No Check” shall be selected for each payment document created that charges a COPS account for the purchase of goods or services.)*** The bank account to be selected is bank #036 “COPS”. Two invoice entry documents are to be printed. A photocopy of the original vendor’s invoice is to be made. The original vendor’s invoice is to be attached to one RI-SAIL invoice entry document and the photocopy of the vendor’s invoice attached to the second RI-SAIL invoice entry document.
- 7) The following certification is to be inserted in the NOTES tab field of the RI-SAIL invoice entry document: **“I hereby certify that the above work has been performed (or “ the above goods [services] have been received and are in good working order”) and payment therefor is an appropriate expenditure under the Certificates of Participation”.** The document will be signed by an authorized agent..

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- 8) The state agency business office will prepare a (sequentially-numbered) payment requisition to accompany the RI-SAIL invoice entry documents. The payment requisition should identify the appropriate payment trustee and their address.
- 9) The state agency business office will forward all invoice entry documents to the Budget Office for necessary approvals.
- 10) The Budget Office will forward all approved documents to the Office of Accounts and Control, Pre audit Section, One Capitol Hill, Providence, RI 02908, ATTN: Natalie Laster for payment.
- 11) The Office of Accounts and Control will audit each document as follows:
 - 11.1 State agency-authorized agent's signature is affixed to the certification.
 - 11.2 Mathematical accuracy of vendor's invoice.
 - 11.3 Agreement of amount(s) on invoice entry document with amount(s) on vendor's invoice.
 - 11.4 Pre audit clerk will initial and date lower left corner of invoice entry document and forward it to the State Controller or Associate Controller for signing.
 - 11.5 Upon signing by the State Controller or Associate Controller, the second copy of the invoice entry document will be forwarded to the trustee for disbursement of funds.

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